BLUE CRANE ROUTE MUNICIPALITY(EC102)

Annual Financial Statements for the year ended 30 June 2014

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Local Government
The following is included in the scope of operation	Service Delivery
Council members	
Mayor	NM Scott
Councillors	BA Manxoweni KC Brown CFB Du Preez WH Greeff M Nontyi NG Mjikelo Z Funiselo NP Yantolo MK Mali RM Bradfield
Accounting Officer	Thabiso Klaas
Chief Finance Officer (CFO)	GJ Goliath
Registered office	67 Nojoli Street Somerset East 5850
Postal address	P.O. Box 21 Somerset East 5850
Auditors	Auditor General
Bankers	ABSA

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice (GRAP) And the Municipal Finance Management Act (MFMA) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

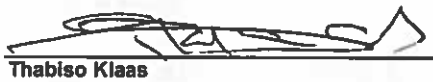
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page .

The annual financial statements set out on pages 4 to 60, which have been prepared on the going concern basis, were approved by the accounting officer on 29 August 2014 and were signed by him:



Thabiso Klaas
Accounting Officer
29 August 2014

STATEMENT OF FINANCIAL POSITION

	Notes	2014 R	2013 R
ASSETS			
Current assets			
Other financial assets	4	2,800	2,664
Inventories	6	901,385	1,513,028
Other receivables from exchange transactions	7	1,499,500	646,252
Other receivables from non-exchange transactions	8	14,150,185	1,323,267
Trade receivables from exchange transactions	9	14,523,751	13,738,140
Cash and cash equivalents	10	18,505,878	26,485,106
		49,583,499	43,708,457
Non-current assets			
Investment property carried at fair value	11	31,205,200	29,916,490
Property, plant and equipment	12	633,727,132	626,445,910
Intangible assets	13	16,612	1
Investments in controlled entities	14	-	-
Other financial assets	4	15,693	18,493
		664,964,637	656,380,894
Total assets		**714,548,136**	**700,089,351**
LIABILITIES			
Current liabilities			
Employee benefit obligation	15	478,248	445,344
Other financial liabilities	16	729,894	656,527
Finance lease obligation	17	201,660	262,166
Unspent conditional grants and receipts	18	1,507,233	7,361,264
Provisions	19	27,862,286	26,135,180
Payables from exchange transactions	20	23,558,704	15,607,380
Trade and other payables from non-exchange	21	96,225	84,594
VAT payable	22	1,450,747	1,925,878
Consumer deposits	23	1,996,881	1,895,041
		57,881,878	54,373,374
Non-current liabilities			
Employee benefit obligation	15	15,756,297	13,215,704
Other financial liabilities	16	1,157,355	1,887,249
Finance lease obligation	17	590,062	-
		17,503,714	15,102,953
Total liabilities		**75,385,592**	**69,476,327**
Net assets		**639,162,544**	**630,613,024**
NET ASSETS			
Accumulated surplus / (deficit)		**639,162,544**	**630,613,024**

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2014 R	2013 R
Revenue			
Property rates	26	8,496,011	8,001,704
Service charges	27	81,195,610	78,196,986
Rental of facilities and equipment	25	43,023	85,567
Interest received (trading)	25	2,420,796	2,196,443
Interest received on investments	28	1,701,070	1,618,887
Income from agency services		654,549	614,458
Fines	25	43,514	75,577
Licences and permits		766,508	740,723
Government grants and subsidies	29	91,005,776	77,980,347
Fees earned		369,090	308,281
General		566,522	632,646
Private Work	25	77,800	338,652
Gains on disposal of assets		3,953,299	
Gain on investment properties fair valuation		1,288,710	3,827,408
Other income	30	903,257	935,733
Total revenue		**193,485,535**	**175,553,412**
Expenditure			
Employee related costs	31	54,159,663	48,750,952
Remuneration of councillors	32	3,046,510	2,739,347
Debt Impairment	33	4,133,249	8,597,729
Collection costs		4,955	14,825
Depreciation and amortisation expense	12	32,930,737	33,908,803
Impairment loss/Reversal of impairments		348,742	-
Repairs and maintenance		2,873,049	3,146,659
Finance costs	34	2,882,717	2,598,078
Bulk purchases	35	53,650,958	49,117,347
General expenses	36	29,716,692	29,921,038
Loss on disposal of assets			437,317
Total expenditure		**183,747,272**	**179,232,095**
Actuarial (Loss) /gain		(1,188,743)	2,892,651
Surplus / (deficit) for the year		**8,549,520**	**(786,032)**

STATEMENT OF CHANGES IN NET ASSETS

	Notes	R	R
		Accumulated Surplus/(Deficit)	**Total: Net Assets**
Opening balance as previously reported		**348,574,884**	348,574,884
Adjustments:			
Error in assets take on balances		289,994,184	289,994,184
Prior period adjustments (2012 and earlier)		(7,170,012)	(7,170,012)
Balance at 1 July 2012 as restated		**631,399,056**	631,399,056
Changes in net assets			-
Surplus/(deficit) for the year		(786,032)	(786,032)
Total changes		(786,032)	(786,032)
Opening balance as previously reported		655,778,898	655,778,898
Adjustments:			
Prior period adjustments		(25,165,874)	(25,165,874)
Balance at 1 July 2013 as restated		**630,613,024**	**630,613,024**
Changes in net assets			
Surplus/(deficit) for the year		8,549,520	8,549,520
Balance at 30 June 2014		**639,162,544**	**639,162,544**
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CASH FLOW STATEMENT

	Notes	2014 R	2013 R
Cash flows from operating activities			
Receipts			
Sales of goods and services		77,961,024	73,810,214
Grants		79,136,565	84,812,403
Interest received		1,701,070	1,618,887
Other receipts		5,946,899	6,667,429
		164,745,558	166,908,933
Payments			
Employee costs		(56,055,643)	(51,016,725)
Suppliers		(23,445,984)	(32,149,243)
Interest paid		(237,063)	(281,105)
Other payments		(56,492,873)	(48,516,763)
		(136,231,563)	(131,963,836)
Net cash flows from operating activities	38	**28,513,995**	**34,945,097**
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(40,667,290)	(26,873,625)
Proceeds on disposal of assets and liabilities		4,322,896	30,483
Proceeds from Other financial assets		2,664	4,441
Net cash flows from investing activities		**(36,341,730)**	**(26,838,701)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of other financial liabilities		(656,527)	(596,475)
Proceeds from finance lease liability		821,399	
Finance lease payments		(316,365)	(872,692)
Net cash flows from financing activities		**(151,493)**	**(1,469,167)**
Net increase / (decrease) in net cash and cash equivalents		(7,979,228)	6,637,229
Net cash and cash equivalents at beginning of period		26,485,106	19,847,877
Net cash and cash equivalents at end of period	10	**18,505,878**	**26,485,106**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R
Statement of Financial Position					
Total current assets	31,368,000	5,472,000	36,840,000	49,583,499	(12,743,499)
Total non-current assets	373,486,000	22,166,000	395,652,000	664,964,637	(269,312,637)
Total current liabilities	(24,764,000)	(9,650,000)	(34,414,000)	(57,881,878)	23,467,878
Total non-current liabilities	(20,200,000)	2,200,000	(18,000,000)	(17,503,714)	(496,286)
Net Assets	359,890,000	20,188,000	380,078,000	639,162,544	(259,084,544)
Statement of Financial Performance					
Revenue					
Property rates	8,594,000	(30,000)	8,564,000	8,496,604	67,396
Service charges	93,898,000	6,239,000	100,137,000	96,133,333	4,003,667
Investment revenue	1,200,000	200,000	1,400,000	1,700,073	(300,073)
Transfers recognised	78,352,000	11,046,000	89,398,000	91,005,777	(1,607,777)
Other own revenue	6,104,000	4,213,000	10,317,000	11,266,909	(949,909)
Total Revenue	188,148,000	21,668,000	209,816,000	208,602,696	1,213,304
Expenditure					
Employee costs	55,693,000	173,000	55,866,000	53,550,177	2,315,823
Remuneration of councillors	2,932,000	70,000	3,002,000	3,096,683	(94,683)
Debt impairment	6,674,000		6,674,000	4,133,249	2,540,751
Depreciation & asset impairment	20,477,000		20,477,000	33,279,480	(12,802,480)
Finance charges	285,000	920,000	1,205,000	1,709,071	(504,071)
Bulk Purchases/Other Materials	56,063,000	2,810,000	58,873,000	53,650,958	5,222,042
Other expenditure	38,102,000	11,324,000	49,426,000	50,633,558	(1,207,558)
Total expenditure	180,226,000	15,297,000	195,523,000	200,053,176	(4,530,176)
Actual Amount on Comparable Basis as Presented in the Budget And Actual Comparative Statement	7,922,000	6,371,000	14,293,000	8,549,520	5,743,480
Cash Flow Statement					
Cash flows from operating activities					
Receipts					
Ratepayers and other	94,765,000		94,765,000	83,907,923	10,857,077
Government - operating	48,430,000	2,808,000	51,238,000	79,136,565	(27,898,565)
Government - capital	26,265,000	8,896,000	35,161,000		35,161,000
Interest	1,200,000	200,000	1,400,000	1,701,070	(301,070)
Payments					
Suppliers and employees	(134,364,000)	(16,526,000)	(150,890,000)	(135,994,500)	(14,895,500)
Finance charges	(285,000)		(285,000)	(237,063)	(47,937)
Transfers and Grants					
NET CASH FROM/(USED) OPERATING ACTIVITIES	36,011,000	(4,622,000)	31,389,000	28,513,995	2,875,005
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE		-	-	4,322,896	(4,322,896)
Decrease (Increase) in non-current debtors		-	-	2,664	(2,664)
Decrease (increase) other non-current receivables	-	-	-		-
Decrease (increase) in non-current investments	-	-	-		-
Payments					
Capital assets	(34,276,000)	(9,597,000)	(43,873,000)	(40,667,290)	(3,205,710)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(34,276,000)	(9,597,000)	(43,873,000)	(36,341,730)	(7,531,270)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts	-	-	-		-
Short term loans	-	-	-		-
Borrowing long term/refinancing	3,000,000	-	3,000,000	821,399	2,178,601
Increase (decrease) in consumer deposits	-	-	-		-
Payments	-	-	-		-
Repayment of borrowing	(500,000)	-	(500,000)	(972,892)	472,892
NET CASH FROM/(USED) FINANCING ACTIVITIES	2,500,000	-	2,500,000	(151,493)	2,651,493
NET INCREASE/ (DECREASE) IN CASH HELD	4,235,000	(14,219,000)	(9,984,000)	(7,979,228)	(2,004,772)
Cash/cash equivalents at the year begin:	30,005,000	(3,521,000)	26,484,000	26,485,106	(1,106)
Cash/cash equivalents at the year end:	34,240,000	(17,740,000)	16,500,000	18,505,878	(2,005,878)

Refer to note 52 for explanations for material variances between final budget and actual amounts

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act No 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below.

These accounting policies are consistent with those applied in the preparation of the prior year financial statements, unless specified otherwise. Details on any changes in accounting policies are provided in note Changes in accounting policy.

1.1. Presentation of currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2. Going concern

These annual financial statements were prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3. Budget information

Budget information in accordance with GRAP 1 and 24, has been provided in the Statement of comparison of budget and actual amounts.

1.4. Comparative figures

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior years.

The nature and reasons for the reclassifications and restatements are disclosed in note 42 to the financial statements.

1.5. Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.6. Significant judgements and sources of estimation uncertainty

The use of judgement, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require material adjustment to the carrying amount of the relevant asset or liability in future periods.

Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the annual financial statements.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the entity's accounting policies, the following estimates were made:

Inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir.

Impairments of non-financial assets

In determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

Provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes.

Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions. Additional disclosure of these estimates of provisions is included in note 19 - Provisions.

Pension and other post-employment benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate, future salary increase, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

Provision for rehabilitation of refuse landfill sites

The entity has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the size / extent of the land to be rehabilitated, the rehabilitation cost per square meter, the monitoring cost per square meter, and the rehabilitation period. Current costs are projected using the average rate of inflation over the remaining period until rehabilitation, and then discounted to their present value using an appropriate discounting rate, representing the time value of money.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's current condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

1.7. Property, plant and equipment

Initial recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the cost of dismantling and removing the asset and restoring the site on which it is operated.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Major spare parts and servicing equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and servicing equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Subsequent measurement

Subsequent to initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land, which is not depreciated as it is deemed to have an indefinite useful life.

Investment property

Fair Value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Subsequent expenditure

Where the entity replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Depreciation

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Components that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an asset's residual value.

The annual depreciation rates are based on the following estimated useful lives:

Item	Average useful life
Infrastructure	30 – 120 years
Equipment	3 – 10 years
Furniture	5 – 15 years
Office Equipment	3 – 10 years
Buildings	60 years
Vehicles	5 – 20 years
Land (PPE)	Indefinite

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An

assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Heritage Assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated due to the uncertainty regarding their estimated useful lives.

The municipality will be take advantage of the three year exemption on measurement allowed by National Treasury.

1.8. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. The entity recognises an intangible asset in its Statement of Financial Position when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and the cost or fair value of the asset can be measured reliably.

An internally generated intangible asset is subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the entity intends to complete the intangible asset, for use or sale
- it is technically feasible to complete the intangible asset
- the entity has the resources to complete the project
- it is probable that it will generate future economic benefits or service potential.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are initially recognised at cost.
An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Subsequent measurement

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assumption continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired.
For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation and impairment

Amortisation is charged to write off the cost of intangible assets over their estimated useful lives using the straight-line method.

The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5 years

Impairments

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.9. Financial instruments

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument meets the relevant definitions.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

Initial measurement

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost. All financial assets and financial liabilities are measured after initial recognition using the following categories:

a) Financial instruments at fair value:
   - derivatives;
   - combined instruments that are designated at fair value;
   - instruments held for trading. A financial instrument is held for trading if:
     - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
     - on initial recognition it is part of a portfolio of identified financial instruments that are

managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

b) Financial instruments at amortised cost:

Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates, at fair value, at initial recognition or, are held for trading.

c) Financial instruments at cost:

Investments in residual interest, which do not have quoted market prices, and for which fair value cannot be determined reliably.

The entity assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairments

All financial assets measured at cost or amortised cost are subject to an impairment review. The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - — derecognise the asset; and
  - — recognise separately any rights and obligations created or retained in the transfer.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when the obligation is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Policies relating to specific financial instruments

Investments at amortised cost

Investments which include fixed deposits and short-term deposits invested in registered commercial banks are categories as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is credited to the Statement of Financial Performance.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost.

1.10. Leases

Finance leases - lessee

Initial recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Subsequent measurement

Subsequent to initial recognition the finance lease liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

Finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

Operating leases - lessor

For those leases classified as operating leases the asset subject to the lease is not derecognised and

no lease receivable is recognised at the inception of the lease.
Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases - lessee

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.11. Inventories

Initial recognition and measurement

Inventories are initially measured at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their required location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress (WIP) and finished goods (FG), are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value.

Derecognition

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12. Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

Post-employment benefits

The entity provides post employment benefits for its officials. These benefits are provided as either defined contribution plans or defined benefit plans. The entity identifies as defined contribution plans any post-employment plan in terms of which it has no obligation to make further contributions to the plan over and above the monthly contributions payable on behalf of employees (for example in the event of a funding shortfall). Any other plans are considered to be defined benefit plans.

Defined contribution plans

Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

Post retirement Medical Obligations

The municipality provides post-retirement medical benefits by subsidising the medical contributions of certain retired staff members according to the rules of the medical aid funds. Council pays 70% of the contributions and the remaining 30% is paid by the members.

The entitlement to post-retirement medical benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations, in accordance with GRAP 25 - "Employee Benefits". The plan is unfunded.

The contributions are recognised in the statement of financial performance when the employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value of the plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of minimum funding requirements. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries, and are recognised in the Statement of Financial Performance upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.13. Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditure for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

1.14. Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
b) The amount of revenue can be measured reliably; and
c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

Specific exchange revenue sources

Service charges relating to electricity and water are based on consumption. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Electricity meters in industrial areas are read at the end of each month and billed the following month. Premises with high- tension electricity supplies are read and billed monthly.

Revenue arising from the consumption of electricity and water in the month of June is fully accounted

for whether invoiced or not.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. At reporting date, an estimate of the prepaid electricity consumed is made and revenue is adjusted accordingly. The estimate is based on trend analysis and historical data of electricity consumption.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff. Tariffs are determined per category of property usage and are levied on a monthly based.

Rental income arising on facilities and equipment is accounted for on a straight-line basis over the lease terms on ongoing leases.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and rebates.

1.15. Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Recognition

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Council applies a flat rating system. The same rate factor is applied for land and buildings. In terms of this system, assessment rates are levied on the value of land and buildings in respect of properties. Rebates are granted according to the use of the property concerned. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines are recognised when it is probable that future economic benefits will flow to the entity, the costs can be reliably measured and all restrictions have been complied with. Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected. Due to the various legal processes that can apply to summonses and the inadequate information available from the courts, it is not possible to measure this revenue in the invoicing period.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Measurement

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

1.16. Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17. Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18. Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently

accounted for as revenue in the statement of financial performance.

1.19. Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and other entity are subject to common control.

Transactions between related parties other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances are disclosed within the annual financial statements.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.21. Taxes - Value added tax

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.22. Capital commitments

Capital commitments disclosed in the financial statements represents the contractual balance committed to the capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

2. Post-reporting date events

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.
Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that is indicative of conditions that arose after the reporting date (non-adjusting

events after the reporting date).

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non- disclosure could influence the economic decisions of users taken on the basis of the financial statements.

3. New standards and Interpretations

3.1 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard / Interpretation	Effective date: Years beginning on or after
☐ GRAP 6(as revised 2010): Consolidated and Separate Financial Statements	01 April 2014

3.2 Standards and Interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2014 or later periods:

Standard / Interpretation	Effective date: Years beginning on or after	Expected impact:
☐ GRAP 105: Transfers of functions between entities under common control	01 April 2014	No significant effect
☐ GRAP 106: Transfers of functions Between entities not under common control	01 April 2014	No significant effect
☐ GRAP 107: Mergers	01 April 2014	No significant effect

Possible impact of initial application of standards of GRAP approved but not yet effective

GRAP 18: Segment Reporting – It is expected that this will only result in additional disclosures without affecting the underlying accounting.

GRAP 105: Transfers of functions between entities under common control – No significant impact is expected as no such transaction or events are expected in the foreseeable future.

GRAP 106: Transfers of functions between entities not under common control – No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 107: Mergers - No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 20: Related Parties - No significant impact is expected as the information is to a large extent already included in the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)
4 Other financial assets		
Amortised cost		
Long term loans This loan is for a sport club and is repayable in monthly instalments over a period of twenty years. It has a fixed interest rate of 5% and will be fully redeemed in April 2020. This loan is not secured	18,493	21,157
Non-current assets		
Amortised cost	15,693	18,493
Current assets		
Amortised cost	2,800	2,664
	18,493	21,157

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2014 and 2013, as all the financial assets were disposed of at their redemption date.

Loans and receivables past due but not impaired

Loans and receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2014 - Nil (2013 Nil) were past due but not impaired.

5 Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2014	Financial assets amortised	Total
Other financial assets	18,493	18,493
Other receivables from exchange transactions	1,499,500	1,499,500
Other receivables from non-exchange transactions	14,150,185	14,150,185
Cash and cash equivalents	18,505,878	18,505,878
Trade receivables from exchange transactions	14,523,751	14,523,751
	48,697,807	48,697,807

2013	Financial assets amortised	Total
Other financial assets	21,157	21,157
Other receivables from exchange transactions	646,252	646,252
Other receivables from non-exchange transactions	1,323,267	1,323,267
Cash and cash equivalents	26,485,106	26,485,106
Trade receivables from exchange transactions	13,738,140	13,738,140
	42,213,922	42,213,922

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)
6 Inventories		
Work in progress	55,500	734,689
Consumable stores	700,958	637,950
Water	144,927	140,389
	901,385	1,513,028

Stores issued amounted to R 1 156 748 and R 1 261 728 (2013).

7 Other receivables from exchange transactions		
Deposits	624,544	593,758
Other receivables	49,933	52,494
Prepayments	825,023	
	1,499,500	646,252

Other receivables pledged as security

Other receivables were not pledged as security.
Other receivables is a financial asset which is classified as loans and receivables.
Fair value is estimated at cost.

Credit quality of other receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical trends and other available information.
Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

8 Other receivables from non-exchange transactions		
Government grants and subsidies (Note 18)	7,068,325	757,955
Advances paid on construction contracts	-	295,190
Property rates	6,890,230	91,689
Other receivables from non-exchange revenue	191,630	178,433
	14,150,185	1,323,267
Property rates		
Property rates	8,852,367	6,412,893
Provision for bad debts: Property rates	(1,962,137)	(6,321,204)
	6,890,230	91,689
Property rates age analysis		
Current (0-30days)	241,007	277,009
31-60 days	38,149	42,939
61-90 days	36,440	36,121
91-120 days	27,181	30,613
> 121 days	8,509,590	6,026,211
	8,852,367	6,412,893
Provision for bad debts: Property rates		
Impairment balance prior year	(6,321,204)	(4,079,238)
Adjustment to provision	4,294,912	(2,494,935)
Debt impairment written off against provision	64,155	252,969
	(1,962,137)	(6,321,204)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)
8 Other receivables from non-exchange transactions (continued)		
Other receivables from non-exchange transactions		
Employees overpayment on backpay	231,831	231,831
Provision for bad debts	(231,831)	(231,831)
Insurance claims	17,121	2,683
SARS refund - penalty charges	34,894	34,894
Employee recoverable expenses	31,104	30,604
Pension Overpayment		1,741
SARS UIF paid for Councillors	108,511	108,511
	191,630	178,433
Prior period adjustment		
Balance previously reported		1,593,802
2013: Rates not levied on Erf 13/50/2		1,313
2013: Pension refund for overpayment		1,741
2013: Rates not correctly levied on Farms		(116,187)
2013: Adjust SARS refund on penalty charges		(2,699)
Earlier than 2013: Rates not levied on Erf 13/50/2		10,646
Earlier than 2013: Rates not correctly levied on Farms		(175,226)
Earlier than 2013: SARS UIF deductions from Councillors		9,877
		1,323,267

As at 30 June 2014, other receivables from non-exchange transactions of R64 155 (2013: R252 969) were impaired and provided for.
The amount of the provision was R 1 962 137 as at 30 June 2014 (2013: R 6 321 204).

Other receivables from non-exchange transactions are financial assets classified as loans and receivables. No amortisation was applied.

Other receivables from non-exchange transactions past due but not impaired

The ageing of amounts for property rates past due but not impaired is as follows:

1 month past due	241,007	215,189
2 months past due	38,149	42,939
3 months past due	34,823	34,312
4 months past due	26,253	28,835

9 Trade receivables from exchange transactions

Gross balances		
Electricity	11,776,030	10,069,287
Water	9,766,890	8,829,377
Sanitation	1,440,023	1,273,062
Sewerage	4,570,197	4,083,263
Refuse	7,908,125	7,010,356
Other	876,611	839,399
	36,337,876	32,104,744
Prior period adjustment		
Balance previously reported		31,338,987
2013: Electricity - adjustment to year end consumption		640,338
2013: Water - adjustment to year end consumption		125,419
		32,104,744
Less: Provision for debt impairment		
Electricity	(3,162,456)	(1,968,958)
Water	(7,144,004)	(6,200,667)
Sanitation	(1,281,810)	(1,097,668)
Sewerage	(3,392,417)	(2,999,315)
Refuse	(6,174,187)	(5,357,665)
Other	(659,251)	(742,331)
	(21,814,125)	(18,366,604)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)
9 Trade receivables from exchange transactions (continued)		
Net balance		
Electricity	8,613,574	8,100,329
Water	2,622,886	2,628,710
Sanitation	158,213	175,394
Sewerage	1,177,780	1,083,948
Refuse	1,733,938	1,652,691
Other	217,360	97,068
	14,523,751	13,738,140
Electricity		
Current (0 -30 days)	5,476,232	5,880,749
31 - 60 days	1,026,230	847,384
61 - 90 days	612,191	685,556
91 - 120 days	442,819	445,648
>121 days	4,218,558	2,209,950
	11,776,030	10,069,287
Water		
Current (0 -30 days)	959,236	1,135,510
31 - 60 days	280,148	257,072
61 - 90 days	238,424	274,338
91 - 120 days	233,485	220,094
>121 days	8,055,597	6,942,363
	9,766,890	8,829,377
Sanitation		
Current (0 -30 days)	30,291	33,571
31 - 60 days	14,776	14,292
61 - 90 days	14,535	13,957
91 - 120 days	14,656	13,954
>121 days	1,365,765	1,197,288
	1,440,023	1,273,062
Sewerage		
Current (0 -30 days)	365,307	423,656
31 - 60 days	144,403	133,261
61 - 90 days	124,475	114,627
91 - 120 days	106,143	106,924
>121 days	3,829,869	3,304,795
	4,570,197	4,083,263
Refuse		
Current (0 -30 days)	496,691	559,765
31 - 60 days	190,663	196,860
61 - 90 days	176,229	180,588
91 - 120 days	166,779	169,153
>121 days	6,877,763	5,903,990
	7,908,125	7,010,356
Other		
Current (0 -30 days)	34,968	53,624
31 - 60 days	19,607	32,258
61 - 90 days	18,764	33,645
91 - 120 days	19,746	31,644
>121 days	783,526	688,228
	876,611	839,399
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	7,362,725	8,086,875
31 - 60 days	1,675,827	1,481,127
61 - 90 days	1,184,618	1,302,711
91 - 120 days	983,628	987,417
>121 days	25,131,078	20,246,614
	36,337,876	32,104,744
Less: Provision for debt impairment	(21,814,125)	(18,366,604)
	14,523,751	13,738,140

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)
9 Trade receivables from exchange transactions (continued)		
Reconciliation of debt impairment provision		
Balance at beginning of the year	(18,366,604)	(19,922,181)
Contributions to provision	(6,150,569)	(3,251,180)
Debt impairment written off against provision	2,703,048	4,806,757
	(21,814,125)	(18,366,604)
Fair value of trade receivables from exchange transactions		
Trade receivables from exchange transactions	14,523,751	13,738,140

The fair value has been determined by using the face value of the outstanding capital.

Trade receivables impaired

As at 30 June 2014, consumer debtors of R2 703 048 (2013: R 4 806 757) were impaired and provided for.
The amount of the provision was R21 814 125 as at 30 June 2014 (2013: R 18 366 604).

10 Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	1,690	1,690
Bank balances	3,691,882	2,119,095
Short-term deposits	14,812,306	24,364,321
	18,505,878	26,485,106

No restrictions exist with regard to the use of cash.

Cash and cash equivalents pledged as collateral

No cash and cash equivalents (or portions thereof) was pledged as security for any financial liabilities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)

10 Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2014	30 June 2013	30 June 2012	30 June 2014	30 June 2013	30 June 2012
ABSA Bank - Fixed deposit - 2053825035	7,500	7,500	7,500	7,757	7,756	7,500
ABSA Bank - Fixed deposit - 2055844786	23,967	22,856	21,679	24,535	23,371	21,679
ABSA Bank - Call account - 9087623600	4,632,620	4,866,768	8,135,070	4,648,802	4,883,207	8,171,816
Nedbank - Money market - 1263036023	5,800	6,082	6,262	5,800	6,082	6,262
Nedbank - Fixed deposit - 18312491	4,600	4,600	4,600	4,600	4,600	4,600
Nedbank - Money market - 1263034756	68,648	66,950	65,016	68,648	66,950	65,016
Nedbank - Fixed deposit - 37881100877	10,000,000	10,000,000	-	10,052,164	10,035,973	-
ABSA - Cheque account - 2200000008	3,383,054	1,783,473	938,177	3,528,421	2,069,350	1,190,493
ABSA - Cheque account - 4064779134	162,925	41,847	13,026	163,461	49,745	14,818
Investec - Fixed deposit - 50005649159		9,336,382	10,315,114		9,336,382	10,364,288
Total	18,289,114	26,136,458	19,506,444	18,504,188	26,483,416	19,846,472

The municipality has guarantees at ABSA bank to the value of R31 467 relating to the personal bonds of two municipal employees.

The municipality has AVMS facilities at ABSA bank to the value of R548 000

The municipality has Term loan facilities at ABSA bank to the value of R2 297 000

11 Investment property

	2014 Cost/ Valuation	2014 Accumulated depreciation/ impairment	2014 Carrying Value	2013 Cost/ Valuation	2013 Accumulated depreciation/ impairment	2013 Carrying Value
	R	R	R	R	R	R
Investment property	31,205,200	-	31,205,200	29,916,490	-	29,916,490
Prior period adjustment						
Balance previous reported						24,017,090
Prior to 2013: Transfer from PPE						5,899,400
						29,916,490

Reconciliation of investment property - 2014

		Opening balance	Additions	FV Adjustments	Impairment loss	Total
		R	R	R	R	R
Investment properties:	Land	23,055,640		993,140		24,048,780
	Buildings	6,860,850		295,570		7,156,420
		29,916,490	0	1,288,710		31,205,200

Reconciliation of investment property - 2013

		Opening balance	Additions	FV Adjustments	Impairment loss	Total
		R	R	R	R	R
Investment property:	Land	21,896,301		1,159,339		23,055,640
	Buildings	4,192,781	2,432,700	235,369		6,860,850
		26,089,082	2,432,700	1,394,708	0	29,916,490

Pledged as security

No investment property have been pledged as security for loans

Details of valuation

The effective date of the revaluation was at 30 June 2014. Valuations were performed by an independent valuer, Mr MC Dippenaar from the Eastern Cape Department of Local Government and Traditional Affairs. The independent valuer is not related to the Municipality and has recent experience in the location and category of the investment property that have been valued.

The valuation was based on open market value for existing use.

Investment property is split between land and improvements R24 048 780 and R7 156 420 (2013: R23 055 640 and R6 860 850) respectively.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)

12 Property, plant and equipment

	2014			2013		
	Cost/ Valuation	Accumulated depreciation/ impairment	Carrying Value	Cost/ Valuation	Accumulated depreciation/ impairment	Carrying Value
	R	R	R	R	R	R
Land	4,019,900	-	4,019,900	4,025,900	-	4,025,900
Buildings	18,256,429	-	18,256,429	18,551,429	-	18,551,429
Plant	4,557,968	(3,349,193)	1,208,775	4,557,968	(3,058,478)	1,499,490
Furniture and fixtures	2,979,542	(2,114,842)	864,700	2,713,981	(1,900,545)	813,436
Motor vehicles	13,807,656	(8,248,930)	5,558,726	13,779,257	(7,350,516)	6,428,741
Office equipment	3,990,300	(2,782,465)	1,207,835	2,961,758	(2,404,426)	557,332
Other equipment	1,826,385	(955,790)	870,595	1,458,423	(704,846)	753,577
Infrastructure	1,124,241,239	(575,525,730)	548,715,509	1,109,783,462	(546,381,474)	563,401,988
WIP	43,114,800	-	43,114,800	19,205,324	-	19,205,324
Landfill sites	19,146,818	(9,236,955)	9,909,863	18,867,199	(7,658,506)	11,208,693
Total	1,235,941,037	(602,213,905)	633,727,132	1,195,904,701	(569,458,791)	626,445,910

Prior period adjustment	
Balance previously reported	360,588,466
2013: Adjustments to Disposal of land	(29,900)
2013: Recalculation of Landfill sites	(521,081)
2013: Adjustments to Buildings	(33,197)
2013: Adjustment to Infrastructure	(17,476,255)
2013: Adjustment to WIP	(176,907)
Prior to 2013: Adjustments to WIP	225,477
Prior to 2013: Adjustments to Infrastructure values	285,644,741
Prior to 2013: Adjustments to Buildings	(5,717,132)
Prior to 2013: Adjustments to Land	(496,450)
Prior to 2013: Recalculation of Landfill sites	4,438,148
	626,445,910

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)

12 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Land	4,025,900		(6,000)			-	4,019,900
Buildings	18,551,429		(295,000)			-	18,256,429
Plant	1,499,490				(289,973)	(742)	1,208,775
Furniture and fixtures	813,436	265,561			(179,972)	(34,325)	864,700
Motor vehicles	6,428,741	619,207	(68,597)		(1,318,317)	(102,308)	5,558,726
Office equipment	557,332	1,028,542			(244,209)	(133,830)	1,207,835
Other equipment	753,577	367,962			(173,407)	(77,537)	870,595
Infrastructure	563,401,988	417,683		14,040,094	(29,144,256)	-	548,715,509
WIP	19,205,324	37,949,570		(14,040,094)		-	43,114,800
Landfill sites	11,208,693	279,619			(1,578,449)	-	9,909,863
Total	626,445,910	40,928,144	(369,597)	-	(32,928,583)	(348,742)	633,727,132

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Land	4,055,800	-	(29,900)	-	-	-	4,025,900
Buildings	16,132,489	2,856,840	(437,900)	-	-	-	18,551,429
Plant	2,590,227	-	-	-	(1,090,737)	-	1,499,490
Furniture and fixtures	857,093	214,360	-	-	(258,017)	-	813,436
Motor vehicles	7,698,852	344,690	-	(12,863)	(1,601,938)	-	6,428,741
Office equipment	528,766	346,084	-	-	(317,518)	-	557,332
Other equipment	696,941	219,326	-	-	(162,690)	-	753,577
Infrastructure	587,911,045	3,680,647	-	748,342	(28,938,046)	-	563,401,988
WIP	741,988	19,211,678	-	(748,342)	-	-	19,205,324
Landfill sites	12,743,849	4,701	-	-	(1,539,857)	-	11,208,693
Total	633,957,050	26,878,326	(467,800)	(12,863)	(33,908,803)	-	626,445,910

	2014	2013
Assets subject to finance lease (Net carrying amount)		
Motor vehicles		204,302
Office equipment	775,766	
	775,766	204,302

See note 17 on finance leases for assets held under finance lease.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipality

13 Intangible assets

	2014				2013		
	Cost/ Valuation	Accumulated depreciation/ impairment	Carrying Value		Cost/ Valuation	Accumulated depreciation/ impairment	Carrying Value
	R	R	R	R	R	R	R
Computer software	160,482	(143,870)	16,612		141,717	(141,716)	1

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)

13 Intangible assets (continued)

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Computer software	1	18,765	-	-	(2,154)	-	16,612

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Computer software	1	-	-	-	-	-	1

Other information

Fully amortised intangible assets still in use

Certain computer software packages (not material to the municipality's operations) with finite useful lives which have been fully depreciated are still in use by the municipality to some extent.

14 Investments in controlled entities

Name of company	Held by	% holding 2014	% holding 2013	Carrying amount 2014	Carrying amount 2013
Blue Crane Development Agency	Blue Crane Route Municipality	100%	100%		

Restrictions relating to Controlled entities
The 100% investment in this Service entity (subsidiary) was acquired at no cost. Therefore no value can be reflected on the face of the Statement of Financial Position.

The investment is valued at the accumulated surplus of the agency being:
Accumulated surplus/(deficit) 135,966 (680,999)

15 Employee benefit obligations

Defined benefit plan

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining tp levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

In-service members will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medicial scheme at retirement.

All continuation members and their eligible dependents receive a subsidy of either 60% or 70%.

Upon a member's death-in-service or death-in-retirement the surviving dependants will continue to receive the same between 60% and 70% subsidy.

All subsidies are subject to a maximum of R3 618.04 for the year ending 30 June 2015. The maximum subsidy amount has been assumed to increase in the future in line with salary inflation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)

15 Employee benefit obligations (continued)

Principal assumptions

Financial assumptions	
Discount rate	8.91%
Health care cost inflation rate	8.09%
Nett effective discount rate	0.76%

The next contribution rate increase is assumed to occur at 1 January 2015.

Demographic assumptions	
Average retirement age	63 (males)/ 58 (Females)
Continuation of membership at retirement	100%
Proportion assumed married at retirement	70%

Accrued liability Values

Carrying value		
Opening Accrued Liability	13,661,048	15,453,480
Service and interest cost	1,830,098	1,556,341
Benefits paid	(445,344)	(456,122)
Actuarial (gain) / loss recognised in the year	1,188,743	(2,892,651)
Closing Accrued Liability	16,234,545	13,661,048
Non-current liabilities	15,756,297	13,215,704
Current liabilities (Estimate of benefits payments expected in the next annual period)	478,248	445,344
	16,234,545	13,661,048

The total liability has increased by 18% (or R 2.573 million) since the last valuation

The extent of unexpected increases or decreases in the liability over the period from the previous valuation date to the current can be summarised in the following main components:

Actuarial (Gain)/Loss for the period	1,188,743
Contribution to Actuarial (Gain)/Loss:	
Basis changes: increase in net discount rate	842,255
Contribution increases higher than assumed	257,817
Changes to membership profile different from assumed	88,671

Net expense recognised in the statement of financial performance

Current service cost	656,452	695,168
Benefits paid	(445,344)	(456,122)
Total included in employee related costs	211,108	239,046
Actuarial (Gain)/Loss recognised in statement of financial performance	1,188,743	(2,892,651)
Interest cost included in Finance costs	1,173,646	861,173
	2,573,497	(1,792,432)

Sensitivity analysis on the accrued liability (R millions)

Assumption	Change	In-service	Continuation	Total	% change
Central Assumptions		9.666	6.569	16.235	
Health care inflation	1%	11.113	7.291	18.404	13%
	-1%	8.432	5.950	14.381	-11%
Discount Rate	1%	8.164	5.959	14.123	-13%
	-1%	11.567	7.293	18.860	16%
Post-retirement mortality	-1%	10.014	6.838	16.852	4%
Average retirement age	-1%	10.486	6.569	17.055	5%
Continuation of membership at retirement	-10%	8.742	6.569	15.311	-6%

History of liabilities, Assets and Experienced Adjustments (R millions)

Liability History	30/06/2010	30/06/2011	30/06/2012	30/06/2013	30/06/2014
Present value of accrued liability	14.644	13.782	15.453	13.661	16.235
Fair value of plan asset	0.000	0.000	0.000	0.000	0.000
Surplus/(Deficit)	(14,644)	(13,782)	(15,453)	(13,661)	(16,235)

Experience adjustments	Year ending 30/06/2013	Year ending 30/06/2014
Liabilities: (Gain)/Loss	(1.754)	0.346
Assets: Gain/(Loss)	0.000	0.000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)
16 Other financial liabilities		
Held at amortised cost		
Absa Bank loan	1,887,249	2,543,776
Total loan of R3,5 million was taken up from ABSA Bank (R1 000 000 on 19/10/2010 and R2 500 000 on 06/06/2012). Instalments are R125 114.50 (9.75%) and R321 680.34 (9.74%) respectively. Both loans are over a period of 5 years and is semi-yearly payable.		
No defaults or breaches or re-negotiations of the terms and conditions occurred during the year. The loans are not secured and there are no loan covenants.		
Non-current liabilities		
At amortised cost	1,157,355	1,887,249
Current liabilities		
At amortised cost	729,894	656,527
	1,887,249	2,543,776
17 Finance lease obligation		
Minimum lease payments due		
- within one year	302,038	268,435
- in second to third year inclusive	672,098	
	974,136	268,435
less: future finance charges	(182,414)	(4,269)
Present value of minimum lease payments	791,722	262,166
Present value of minimum lease payments due		
- within one year	201,660	262,166
- in second to fifth year inclusive	590,062	
	791,722	262,166
Non-current liabilities	590,062	
Current liabilities	201,660	262,166
	791,722	262,166

It is municipality policy to lease certain property, plant and equipment under finance leases.
The average lease term was 3-5 years and the average effective borrowing rate was 9% .
Interest rates are fixed at the contract date. No arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 12.
Property, plant and equipment for the carrying value of assets subject to finance lease.

All financial leases before 1 July 2008 are treated as contingent payment.
There are no subleases

Defaults and breaches

There were no default during the period of principal, interest, sinking fund or redemption terms of loans payable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)
18 Unspent conditional grants and receipts		
Other grants	1,507,233	7,361,264
Prior period adjustment		
Balance previously reported		7,716,982
Prior to 2013: Cacadu: Roads & stormwater grant transferred to revenue		(355,718)
		7,361,264

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. The municipality complied with all the conditions attached to the grants / allocations.
These amounts are invested in a ring-fenced investment until utilised.

Grant description	Unspent balance 2013	Receipts	Adjustments / written off	Transfer operating expenditure	Transfer capital expenditure	Unspent balance 2014
Municipal Infrastructure Grant (MIG)	5,906,493	17,315,000		(950,154)	(29,004,909)	(6,733,570)
MSIG Funds	-	890,000		(890,000)		-
FMG	-	1,550,000		(1,500,666)	(49,334)	-
NER Grant		600,000			(75,333)	524,667
DR WH CRAIB TRUST	13,015					13,015
Deployment of LED	53,692	229,275		(86,803)		196,164
IDP	200,000			(178,921)		21,079
Dept of housing - RDP Houses	(757,955)	1,350,709		(751,596)		(158,842)
Cacadu: Fire fighters	163,715	375,000		(538,715)		-
Skills Development	173,957	20,078		(190,034)		4,001
Depart Sport: Library admin cost	-	2,197,000		(2,197,000)		-
EPWP	-	1,000,000		(1,000,000)		-
EPWP (BCDA)	295,190				(295,190)	-
Revenue Enhancement	500,000			(457,236)		42,764
ACIP Sewer Grant	-	8,831,186			(9,007,099)	(175,913)
ACIP Water conservation	55,202	2,577,166		(96,059)	(2,107,069)	429,240
Cacadu: Resourcing Youth Centre	-	126,303				126,303
Cacadu: Craft Project	-	150,000				150,000
	6,603,309	37,211,717	-	(8,837,184)	(40,538,934)	(5,561,092)
Less: Transfer of Debit Balance to Other receivables from non-exchange transactions (Note 8)	757,955					7,068,325
	7,361,264					1,507,233

The municipality received certain grant allocations during the year from various public entities (amounts disclosed above per project / allocation) - these receipts / grant allocations had to be utilised for the following main purposes:

National Treasury (MIG, MSIG & FMG) -	Municipal systems improvement and financial management projects, and Municipal Infrastructure (MIG)
Cacadu District municipality	Environmental health, rainwater, fire fighting and Integrated dev Planning.
Eastern Cape Department of Roads and Public Works -	Labour intensive projects to promote job creation for unemployed people
Eastern Cape Department of Human Settlements	Housing projects

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)

19 Provisions

Reconciliation of provisions - 2014

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	26,135,180	1,727,106	-	27,862,286
	26,135,180	1,727,106	-	27,862,286

Reconciliation of provisions - 2013

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	24,763,654	1,371,526	-	26,135,180
	24,763,654	1,371,526	-	26,135,180

Prior period adjustment

Balance previously reported	18,367,022
2013: Recalculation of Environmental rehabilitation	407,405
Earlier than 2013: Recalculation of Environmental rehabilitation	7,360,753
	26,135,180

Environmental rehabilitation provision

The estimation of the current liability to rehabilitate the landfill sites were performed by Mr SL Nel, a Professional Engineer from Bosch Munitech. The full report is available on request. The amount is made up out of three sites ,Somerset East, Cookhouse and Pearston.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)
20 Payables from exchange transactions		
Trade payables	17,581,121	11,008,685
Payments received in advanced	355,752	370,064
Accrued leave pay	3,512,012	2,626,081
Accrued 13th cheque	1,274,732	1,177,731
Accrued performance bonus	298,820	146,686
Accrued Long Service awards	4,356	
Retention on Capital Projects	440,789	
Deposits received	91,122	78,133
	23,558,704	15,607,380
Prior period adjustment		15,674,424
2013: Transport cost - Trade Payables		938
2013: Advertisement costs - Trade Payables		16,017
2013: Audit Committee - Trade Payables		3,762
2013: Stores material not invoiced - Trade Payables		1,874
2013: Incorrect liabilities raised - Trade Payables		(38,710)
2013: Un-identified direct bank deposits taken as revenue - Trade Payables		(1,925)
Prior to 2013: Incorrect accrued for Performance bonusses		(49,000)
		15,607,380
21 Trade and other payables from non-exchange		
Dept of Roads - Licences	96,225	84,594
Prior period adjustment		
Balance previously reported		57,612
2013: SARS - UIF & SDL adjustment payments		17,105
Prior to 2013: Refund to Councillors UIF deductions		9,877
		84,594
22 VAT payable		
VAT	1,450,747	1,925,878
Prior period adjustment		
Balance previously reported		1,874,501
2013: Trade payables - Transport costs		(115)
2013: Trade payables - Advertising costs		(1,967)
2013: Trade Payables - Audit Committee meeting cost		(462)
2013: Trade Payables - Stores material not invoiced		(230)
2013: Trade Payables - Incorrect liabilities raised		4,754
Prior to 2013: SARS Vat adjustment Audit		49,397
		1,925,878

VAT is payable on the receipts basis. VAT is claimed from and paid over to SARS only once payment is made on a tax invoice or payment is received from debtors.

23 Consumer deposits		
Electricity & water	1,996,881	1,895,041

24 Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

	Financial	Total
2014		
Other financial liabilities	(1,887,249)	(1,887,249)
Finance lease	(791,722)	(791,722)
Trade and other payables from non-exchange	(96,225)	(96,225)
Payables from exchange transactions	(17,581,121)	(17,581,121)
	(20,356,317)	(20,356,317)
2013		
Other financial liabilities	(2,543,776)	(2,543,776)
Finance lease	(262,166)	(262,166)
Trade and other payables from non-exchange	(84,594)	(84,594)
Payables from exchange transactions	(11,008,685)	(11,008,685)
	(13,899,221)	(13,899,221)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)
25 Revenue		
Property rates	8,496,011	8,001,704
Service charges	81,195,610	78,196,986
Rental of facilities and equipment	43,023	85,567
Interest received (trading)	2,420,796	2,196,443
Interest received on investments	1,701,070	1,618,887
Income from agency services	654,549	614,458
Fines	43,514	75,577
Licences and permits	766,508	740,723
Government grants and subsidies	91,005,776	77,980,347
Fees earned	389,090	308,281
General	566,522	632,646
Private Work	77,800	338,852
Gains on disposal of assets	3,953,299	
Gain on investment properties fair valuation	1,288,710	3,827,408
Other income	903,257	935,733
	193,485,535	175,563,412
Prior Period adjustment		
Balance previously reported		174,931,087
Property Rates: Rates not levied on Erf 13/50/2		1,313
Property Rates: Rates not correctly levied on Farms		(116,187)
Service Charges: Adjustment for year end consumption		765,757
General: Un-identified bank deposits taken as revenue		1,925
Gain on disposal of assets transferred to expenditure, due to losses of R467 900 on land and buildings (Nett R437 317)		(30,483)
		175,563,412
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	81,195,610	78,196,986
Rental of facilities & equipment	43,023	85,567
Interest received - trading	2,420,796	2,196,443
Income from agency services	654,549	614,458
Licences and permits	766,508	740,723
Miscellaneous other revenue	903,257	935,733
	86,983,743	82,769,910
The amount included in revenue arising from non-exchange transactions is as follows:		
Property rates	8,496,011	8,001,704
Fines	43,514	75,577
Government grants & subsidies	91,005,776	77,980,347
	99,545,301	86,057,628

Collectability of amounts

At the time of initial recognition of revenue it is inappropriate to assume that the collectability of amounts owing by individual recipients of goods and services will not occur due to the fact that the municipality has an obligation to collect all revenue.

26 Property rates		
Rates received		
All properties	8,496,011	8,001,704
Valuations		
Agricultural	3,080,706,200	3,090,332,300
Commercial	121,442,450	119,986,850
Government	44,050,500	44,050,500
Residential	464,608,200	463,420,000
State	301,719,700	301,684,700
	4,012,527,050	4,019,474,350

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2012 Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on an annual basis with the final date for payment being 30 June 2014 (30 June 2013). Interest at prime plus 1% per annum (2013:prime plus 1% per annum), is levied on rates outstanding one month after due date.

A general rate of 0.00045 for agricultural properties, 0.00726 for business properties, 0.00620 for residential properties, 0.01368 for government infrastructure properties and 0.01219 for government properties is applied to property valuations to determine assessment rates (2013: 0.00042 - agricultural properties, 0.00685 - business properties, 0.00585 - residential properties, 0.01150 - government properties and 0.01291 for Government infrastructure). Rebates of the first R15 000 on the value of residential properties and the first 30% on the value of government infrastructure properties are granted. (2013: R15 000 - residential properties and 30% government infrastructure).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)
27 Service charges		
Sale of electricity	65,137,544	62,274,021
Sale of water	8,369,394	8,094,682
Sewerage and sanitation charges	3,349,396	3,376,507
Refuse removal	4,160,896	4,228,593
Other service charges	178,380	223,183
	81,195,610	78,196,986
Prior period adjustment		
Balance previously reported		77,431,229
Sale of electricity - Adjustment for year end consumption		640,338
Sale of Water - Adjustment for year end consumption		125,419
		78,196,986
Electricity losses incurred during the year - 17 127 724kwh (23%) - 2013: 17 834 526kwh (23%)		
Water losses incurred during the year - 831 717kl (42%), (2013 - 558 376kl - 45% only Somerset East)		
28 Investment revenue		
Interest revenue		
Interest	997	1,127
Bank	1,700,073	1,617,760
	1,701,070	1,618,887
The amount included in investment revenue arising from exchange transactions.		
The amount included in investment revenue arising from non-exchange transactions.		
Total interest income, calculated using the effective interest rate.		
29 Government grants and subsidies		
Equitable share	40,796,000	39,254,000
Government grant - MIG	29,955,063	13,027,528
Government grant - FMG	1,550,000	1,500,000
Provincial and District Municipality grants	17,739,380	23,398,819
Government grant - MSIG	890,000	800,000
Government grant - NER	75,333	-
	91,005,776	77,980,347
30 Other income		
Insurance claims	215,657	59,748
Biltong festival	500,178	759,830
Housing	85,852	93,988
Damages recoveries	58,180	-
Surpluses	29,451	12,688
Sub-division/rezoning fees	13,939	9,479
	903,257	935,733
31 Employee related costs		
Basic	35,075,144	32,540,737
Bonus	1,825,032	1,420,899
Medical aid - company contributions	1,820,866	1,683,404
UIF	361,671	344,908
WCA	463,305	433,979
SDL	463,592	424,980
Leave pay provision charge	988,641	892,606
Post-employment benefits - Pension - Defined contribution plan	211,108	239,046
Travel, motor car, accommodation, subsistence and other allowances	1,704,152	1,255,807
Overtime payments	2,388,975	2,024,337
13th Cheques provision charge	1,274,732	1,177,731
Other allowances	1,853,205	1,555,634
Bargaining council	22,765	21,390
Other contributions	3,281	3,860
Pension contributions	5,674,388	4,716,409
Relocation costs	28,806	13,225
	54,159,663	48,750,952
Prior Period adjustment		
Balance previously reported		48,735,588
UIF - Adjustment payment to SARS		6,018
SDL - Adjustment payment to SARS		11,087
Pension Contributions - Refund for overpayment		(1,741)
		48,750,952

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)
31 Employee related costs (continued)		
Remuneration of municipal manager (Vacant from 1/07/2013 - 31/08/2013)		
Annual Remuneration	589,276	46,861
Car Allowance	100,000	10,000
Contributions to UIF, Medical and Pension Funds	1,551	8,530
Leave pay out		114,778
Annual Bonus		27,219
	690,827	207,188
Remuneration of chief finance officer		
Annual Remuneration	593,023	359,436
Car Allowance	110,000	110,000
Contributions to UIF, Medical and Pension Funds	1,861	1,314
Acting allowance (Municipal Manager)		56,843
Leave pay out		80,829
	704,884	608,422
Remuneration of manager - corporate services		
Annual Remuneration	605,235	474,167
Car Allowance	120,000	100,000
Contributions to UIF, Medical and Pension Funds	1,861	1,523
Leave pay out		-
Acting allowance (Municipal Manager)	29,218	60,562
Long service bonus		-
	756,314	636,252
Remuneration of manager - community services (Vacant from 1/07/2013 - 31/07/2013)		
Annual Remuneration	517,176	552,586
Car Allowance	110,000	110,000
Leave pay out		19,511
Contributions to UIF, Medical and Pension Funds	1,706	1,629
	628,882	683,726
Remuneration of manager - Infrastructure (Vacant from 1/07/2013 - 31/12/2013)		
Annual Remuneration	268,313	180,422
Car Allowance	76,170	30,000
Leave pay out		18,599
Contributions to UIF, Medical and Pension Funds	930	392
	345,413	229,413
32 Remuneration of councillors		
Councillors	3,046,510	2,739,347
	3,046,510	2,739,347
In-kind benefits		
The mayor nor the councillors received any in-kind benefits.		
33 Debt impairment		
Contributions to debt impairment provision	1,855,657	5,746,116
Debts impaired	2,277,592	2,851,613
	4,133,249	8,597,729
34 Finance costs		
Trade and other payables	237,063	281,104
Finance leases	24,521	88,976
Interest cost - Landfill sites liability	1,447,487	1,366,825
Interest cost - PRMA liability	1,173,646	861,173
	2,882,717	2,598,078
Interest expense is calculated using the effective interest rate.		
Prior Period adjustment		
Balance as previously reported		2,193,765
Recalculation of interest cost on Landfill sites liability		404,313
		2,598,078

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)
35 Bulk purchases		
Electricity	52,223,254	47,905,451
Water	1,427,704	1,211,896
	53,650,958	49,117,347
Prior Period adjustment		
Balance as previously reported		49,120,737
Incorrect liability raised for water purchases		(3,390)
		49,117,347
36 General expenses		
Advertising	279,005	426,342
Auditors remuneration	2,970,478	2,482,784
Bank charges	302,085	269,391
Consulting and professional fees	3,301,956	3,563,106
Consumables	213,050	208,162
Donations	15,742	7,500
Entertainment/Biltong Festival	700,951	1,219,069
Animal Costs		400
Insurance	698,065	607,944
Conferences and seminars	27,150	20,303
Rentals ad hoc	686,803	563,076
Refuse Bags	259,645	290,679
Magazines, books and periodicals	24,847	17,766
Fuel and oil	4,050,662	3,481,388
Printing and stationery	730,934	720,795
Protective clothing	181,212	153,750
Security (Guarding of municipal property)	1,351,729	801,731
Telephone and fax	2,130,231	1,578,612
Transport and freight	18,768	25,172
Training	195,671	146,365
Title deed search fees	13,047	18,082
Tourism development	332,040	313,850
Housing		3,195,291
Licences	508,682	602,785
Stipends - ward committee	675,054	690,000
Agency services	4,770,000	3,092,111
Obsolete/(surplus) stock	(3,130)	18,508
Conditional grant expenditure	6,209,133	4,225,517
Conditional Grant paid to Dev Agency (EPWP)		749,366
Cashier shortages/deficits	2,370	526
Chemicals	616,317	579,678
Valuations expenses	40,527	25,159
Laboratory tests	53,923	67,293
Rainwater harvesting	47,236	
Inter departmental charges	(2,905,374)	(1,027,151)
Other expenses	1,217,883	785,688
	29,716,692	29,921,038
Prior Period adjustment		
Balance as previously reported		29,929,088
Transport and freight		823
Advertising costs		14,050
Professional Fees - Audit committee cost		3,300
Obsolete stock - Invoice not received		1,644
Professional Fees - Incorrect payable raised		(30,000)
Fruitless and wastefull expenditure - adjust penalties paid to SARS		2,699
Obsolete stock - Incorrect payable raised		(566)
		29,921,038

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)
36 General expenses (continued)		
Other expenses		
Ward committees	1,450	6,771
Various special events	277,652	167,233
Dis/re-connection fees	23,197	2,500
Levies-SALGA	501,237	402,118
Pauper burials	1,580	1,580
Prevention of epidemics	836	-
Municipal Services: Rates		313
Fruitless, wastefull, unauthorised expenditure	20,975	3,528
Private works		76
Prodiba	95,073	79,275
Medical expenses		1,417
Alien vegetation		697
Disaster assistance	295,883	120,180
	1,217,883	785,688
37 Auditors' remuneration		
Fees	2,970,478	2,482,784
38 Net cash flows from operating activities		
Surplus/(deficit)	8,549,520	(786,032)
Adjustments for:		
Depreciation and amortisation	32,930,737	33,908,803
(Gain) / Loss on sale of assets and liabilities	(3,953,299)	437,317
Gain on investment properties fair valuation	(1,288,710)	(3,827,408)
Finance costs (finance leases)	24,521	88,976
Impairment deficit	348,742	-
Debt impairment	4,133,249	8,597,729
Movement in retirement benefit assets and liabilities	2,573,497	(1,792,432)
Movements in provisions	1,447,467	1,366,824
Changes in working capital:		
Inventories	611,643	140,005
Other receivables from exchange transactions	(853,248)	505,344
Other receivables from non-exchange transactions	(8,629,637)	(1,997,733)
Consumer debtors	(9,116,140)	(9,977,854)
Payables from exchange transactions	7,951,324	1,911,919
VAT	(475,131)	(320,426)
Trade and other payables from non-exchange	11,631	34,010
Unspent conditional grants and receipts	(5,854,031)	6,474,222
Consumer deposits	101,840	181,833
	28,513,995	34,945,097

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)
39 Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
Housing projects		2,113,625
Infrastructure related projects	26,365,023	20,804,279
	26,365,023	22,917,904

This committed expenditure relates to infrastructure projects and will be financed by Government Grants (R23 891 223) and Internally generated funds (R2 473 800).

Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by the municipality for certain of its office equipment. Leases are negotiated on a month to month basis. No straight-lining is possible due to the fact that the contracts are expired and the rent is on a month to month basis.

Operating leases - as lessor (income)

Certain of the municipality's property is held to generate rental income. No lease agreements are in place and tenants rent the respective properties on a month to month basis. There are no contingent rents receivable.

40 Contingencies

Matter: Blue Crane Route Municipality vs NJ Jack
An amount of R225 000 was claimed from the management by NJ Jack. The merits of the case is not in dispute. If NJ Jack proceeds with her claim the court can grant an amount of R225 000 with legal costs. Which costs we expect to be about R80 000. Therefore the total estimated exposure is R305 000 against the municipality.

Matter: Blue Crane Route Municipality vs Autumn Star
The matter is on going. The possible financial exposure is estimated at around R3000 000.

Matter: Blue Crane Route Municipality vs Pinolta & Claassen
This matter has been postponed during March 2014. A new trial date has been applied for. Possible liability unknown, possible legal costs - R350 000.

Matter: Blue Crane Route Municipality vs Santam Insurance Limited
The above matter has been set down for trial on 27 January 2015. Further costs envisaged are R35 000 plus the cost of the Plaintiff of R35 000 if not successful. However if sucessful the Municipality should recover the amounts paid out for claims against the Municipality due to the accident when the truck driven by Mr Mlombi overturned together with all costs.

Matter: Blue Crane Route Municipality vs Ms Sammy
Ms Sammy has lodged a referral with the Labour Court demanding payment to her of R38 428, being alleged amounts due in respect of remuneration. A without prejudice proposal has been directed to Ms Sammy attorneys of which the Municipality is awaiting the response.

Matter: Blue Crane Route Municipality vs JP Barnard
Judgement has been granted against the Municipality for payment of R25000 to JP Barnard for damaging his vehicle when hitting a donkey in the road. Judgement has now been granted to set aside the judgement by default and granting JP Barnard the cost of the matter. The Municipality now has to deliver his plea.

Matter: Blue Crane Route Municipality vs A Swanepoel
The Appeal in the above case against the judgement in favour of Mr Swanepoel for R20 000 in the Magistrate's Court is proceeding. If sucessful, Mr Swanepoel will have to pay Council's costs which are evisaged to be around R50 000.

41 Related parties

Relationships
Controlled entities - Blue Crane Development Agency (refer to note 14)

Related party transactions

Advertisements		
Blue Crane Development Agency	9,351	
Audit fees (External & Internal)		
Blue Crane Development Agency	42,200	392,111
Grant paid		
Blue Crane Development Agency	4,718,449	2,700,000
EPWP Grant		
Blue Crane Development Agency		749,366
Contracts awarded to close family members		
Inkoleko Trading (Owner is husband of Councillor NP Yantolo)	109,626	552,586

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)
42 Prior period adjustments		
During the preparation of the municipality's annual financial statements, a number of prior period errors (periods before 2013), affecting various balances were noted. These errors were corrected retrospectively.		
The correction of the error(s) results in adjustments as follows:		
Other receivables from non-exchange transactions		
Correction of rates billing prior to 2013		10,646
Correction of rates not correctly levied on Farms prior to 2013		(175,226)
UIF wrongly deducted from Councillors prior to 2013		9,877
		(154,703)
Unspent conditional Grants and Receipts		
Prior to 2013: Cacadu Grant for Roads transferred to revenue		355,718
		355,718
Vat Payable		
SARS VAT Audit adjustment prior to 2013		(49,397)
		(49,397)
Provisions		
Re-calculation of environmental rehabilitation prior to 2013		(7,360,753)
		(7,360,753)
Payables from exchange transactions		
Incorrect accrued amount for performance bonusses prior to 2013		49,000
		49,000
Trade and other payables from non-exchange		
UIF wrongly deducted from Councillors prior to 2013		(9,877)
		(9,877)
Accumulated surplus adjustments		
Other receivables from non-exchange transactions		154,703
Unspent conditional Grants and Receipts		(355,718)
Vat Payable		49,397
Provisions		7,360,753
Payables from exchange transactions		(49,000)
Trade and other payables from non-exchange		9,877
		7,170,012
Prior period adjustments		
Adjustment to depreciation on Buildings (See Note 12)		(404,703)
Adjustment to depreciation on Land fill site asset (See Note 12)		524,173
Adjustments to depreciation on Infrastructure assets (See Note 12)		17,653,163
Adjustment on General expenses (See Note 36)		(8,050)
Adjustment to Finance costs (See Note 34)		404,313
Adjustment to Bulk Purchases (See Note 35)		(3,390)
Adjustment to Employee Related Costs (See Note 31)		15,364
Adjustment to Revenue (See Note 25)		(622,325)
Adjustment to Loss on diposal of assets (See Note 25 and Statement of Financial Performance)		437,317
Adjustment: Opening accumulated surplus 2013 (See above detail)		7,170,012
		25,165,874

	2014 R	2013 R (Restated)

43 Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

Cash flow interest rate risk

Financial Instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Other financial liabilities	9.75%	(729,894)	(541,157)	(616,198)	-	-
Trade and other payables from non-exchange	8,5%	(98,225)	-	-	-	-
Payables from exchange transactions	7%	(23,558,704)	-	-	-	-
Trade and other receivables - normal credit terms	10.00%	14,523,751	-	-	-	-
Other receivables from non exchange transactions	0.00%	14,150,185	-	-	-	-
Long term receivables	5.00%	2,800	2,944	3,094	3,253	6,402
Cash in current banking institutions	5.95%	14,812,306	-	-	-	-

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2014	2013
Trade receivables from exchange transactions	14,523,751	13,738,140
Other receivables from non-exchange transactions	14,150,185	1,323,267
Other receivables from exchange transactions	1,499,500	646,252
Short term deposits	14,812,306	24,364,321

The municipality holds deposits of R1 996 881 (2013 R1 895 041) from consumer debtors. No guarantees or collateral was provided to third parties.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)
44 Going concern		
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.		
45 Events after the reporting date		
There are no events after reporting date to report on.		
46 Unauthorised expenditure		
Opening balance	357,083	-
Add: Unauthorised Expenditure - current year	12,828,308	357,083
Less: Amounts recoverable/condoned	-	-
	13,185,391	357,083
47 Fruitless and wasteful expenditure		
Opening balance	15,198	11,670
Add: Unauthorised Expenditure - current year	20,975	3,528
Less: Amounts recoverable/condoned	-	-
	36,173	15,198
No criminal or disciplinary steps have been taken as a consequence of above expenditure.		
48 Irregular expenditure		
Opening balance	21,479,984	1,116,248
Add: Irregular Expenditure - current year	6,728,388	20,363,736
Less: Amounts recoverable/condoned or written off by Council	-	-
Less: Amounts not recoverable (condoned)	-	-
	28,208,372	21,479,984
Details of irregular expenditure - current year		
Disciplinary steps taken/criminal proceedings - None		
Supply Chain Management regulations not adhered to	28,208,372	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)

49 Reconciliation between budget and statement of financial performance

Classification Basis	Actual amounts as per Budget Reconciliation Note 52	Actual amounts as per Statement of Financial Performance	Difference	Comment
Revenue				
Property rates	8,496,604	8,496,011	593	Budget includes Municipal charges
Service Charges	96,133,333	81,195,610	14,937,723	
Service Charges: Electricity	70,672,402	65,137,544	5,534,858	Budget includes Indigent plus Mun charges
Service Charges: Water	11,715,418	8,369,394	3,346,024	Budget includes Indigent plus Mun charges
Service Charges: Sanitation	5,831,012	3,349,396	2,481,616	Budget includes Indigent plus Mun charges
Service Charges: Refuse	7,914,501	4,160,896	3,753,605	Budget includes Indigent plus Mun charges
Service Charges: Cemeteries	-	43,589	(43,589)	Included under Other Revenue in budget
Service Charges: Dis/re-connection fees		75,118	(75,118)	Included under Other Revenue in budget
Service Charges: Pound Fees		59,673	(59,673)	Included under Other Revenue in budget
Rental of facilities and equipment	387,325	43,023	344,302	
Revenue - Nature Res/Bestershoek			234,641	Included under Fees earned
Revenue - Housing			86,316	Included under other income plus m/charges
Revenue - Brickfields			23,345	Included under Fees earned
Interest received on investments	1,700,073	1,701,070	(997)	Included under Other Revenue in budget
Government grants and subsidies	50,466,842	91,005,776	(40,538,934)	Shown as Capital transfers in the budget
Fees earned	-	369,090	(369,090)	
Revenue - Building Plan Fees		74,193	(74,193)	Included under Other Revenue in budget
Revenue - Libraries		36,911	(36,911)	Included under Other Revenue in budget
Revenue - Nature Res/Bestershoek		234,641	(234,641)	Included under Rental of facilities in budget
Revenue - Brickfields		23,345	(23,345)	Included under Rental of facilities in budget
General	-	566,522	(566,522)	Included under Other Revenue in budget
Gain on investment properties fair valuation		1,288,710	(1,288,710)	Included under Other Revenue in budget
Private Work	-	77,800	(77,800)	Included under Other Revenue in budget
Other Income	3,040,919	903,257	2,137,662	
Revenue - Interest loan Golf Club			997	Included under Interest received on investm.
Revenue - Building Plan Fees			74,193	Included under Fees earned
Revenue - Libraries			36,911	Included under Fees earned
General			566,522	Included under General
Private Work			77,800	Included under Private Work
Service Charges: Cemeteries			43,589	Included under Service Charges: Cemeteries
Service Charges: Dis/re-connection fees			75,118	Included under Service Charges: Conn Fees
Service Charges: Pound Fees			59,673	Included under Service Charges: Poundfees
Revenue - Housing			(85,651)	Included under Rental of facilities in budget
Gain on investment properties fair valuation			1,288,710	Shown seperatly in Financial Performance
Expenditure				
Employee Related costs	53,550,177	54,159,663	(609,486)	
Workmens Compensation Act: Councillors			(19,759)	Included under Remun of Counc. in budget
Re-location costs			(28,807)	Included under Other expenditure in budget
Skills Development Levy: Councillors			(30,414)	Included under Remun of Counc. in budget
Travelling and subsistance			(1,704,152)	Included under Other expenditure in budget
Interest cost: PRMA Liability			1,173,646	Included under Finance costs
Remuneration of Councillors	3,096,683	3,046,510	50,173	
Workmens Compensation Act: Councillors			19,759	Included under Employee Related Costs
Skills Development Levy: Councillors			30,414	Included under Employee Related Costs
Collection Costs	-	4,955	(4,955)	Included under Other expenditure in budget
Repairs and Maintenance	-	2,873,049	(2,873,049)	Included under Other expenditure in budget
Finance Costs	1,709,071	2,882,717	(1,173,646)	
Interest cost: PRMA Liability			(1,173,646)	Included under empl related cost in budget
General Expenses	50,633,558	29,716,692	20,916,866	
Indigents: Free basic Electricty			5,534,858	Deducted from Service Charges
Indigents: Free basic Water			3,346,024	Deducted from Service Charges
Indigents: Free basic Sanitation			2,481,616	Deducted from Service Charges
Indigents: Free basic Refuse			3,753,605	Deducted from Service Charges
Municipal Service Charges (Property Rates)			593	Deducted from Property Rates
Municipal Service Charges (Revenue Housing)			464	Deducted from Other Income
Re-location costs			28,806	Included under Employee related costs
Travelling and subsistance			1,704,152	Included under Employee related costs
Collection Costs			4,956	Shown seperatly in Financial Performance
Repairs and maintenance			2,873,049	Shown seperatly in Financial Performance
Actuarial Loss			1,188,743	Shown seperatly in Financial Performance

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R (Restated)
50 Additional disclosure in terms of Municipal Finance Management Act		
PAYE and UIF		
SARS deductions	6,478,151	5,439,713
Amount paid over	(6,473,018)	(5,047,498)
	5,133	392,215
The full outstanding amount of R 5 133 was paid in July 2014.		
Pension and Medical Aid Deductions		
Current year deductions	10,749,415	9,303,509
Amount paid - current year	(10,749,415)	(9,300,259)
	-	3,250
Councillors' arrear consumer accounts		
The consumer accounts balances for Councillors were Rnil at 30 June 2014		

51 Actual versus Budget: Explanation of significant variances greater than 10% versus budget
(See Notes 52 to 57 for full details)

Revenue	Final Budget 2014 R	Actual 2014 R	Variance R	Variance %	Explanation
Interest earned - external investments	1,400,000	1,700,073	300,073	21%	MIG Funds only spent close to the end of financial year
Traffic fines	90,000	43,514	(46,486)	-52%	Traffic fines not realised as suspected
Other revenue	2,079,840	3,040,919	961,079	46%	Gain on investment properties fair valuation, not included in budget
Transfers recognise - capital	35,161,460	40,538,935	5,377,475	15%	MIG Grant & ACIP Grant was overspent, but funds only paid out in 2014/15 fin year.
Expenditure					
Debt impairment	6,673,500	4,133,249	(2,540,251)	-38%	No debt impairment was done for Government accounts in arrears as in previous years
Depreciation & asset impairment	20,477,200	32,930,737	12,453,537	61%	Re-valuation done on all infrastructure assets which resulted higher values
Finance charges	1,205,000	1,709,071	504,071	42%	Interest on Landfill site more than suspected - new valuation calculation was done in 2014

NOTE 52 (National Treasury Circular 67 requirement)

Reconciliation of Table A1 Budget Summary

Description	2013/2014								2012/13			
R thousands	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	800.00%	9	10	11	12
Financial Performance												
Property rates	8,594	(30)	8,564	8,497		(29)	99.6%	101.26%				8,00
Service charges	93,898	6,239	100,137	96,133		2,485	102.8%	105.71%				91,03
Investment revenue	1,200	200	1,400	1,700		418	134.8%	134.81%				1,61
Transfers recognised - operational	49,087	2,150	51,237	50,467		(2,638)	95.4%	123.34%				51,17
Other own revenue	6,104	4,213	10,318	11,267		6,931	216.0%	141.68%				12,87
Total Revenue (excluding capital transfers and contributions)	158,883	12,772	171,655	168,064		7,166	97.9%	105.78%				164,70
Employee costs	55,693	173	55,866	53,550	-	(3,678)	92.4%	91.71%	-	-	-	47,48
Remuneration of councillors	2,932	70	3,002	3,097	-	(41)	98.5%	106.79%	-	-	-	2,73
Debt impairment	6,674	-	6,674	4,133	-	2,300	136.5%	152.00%	-	-	-	8,59
Depreciation & asset impairment	20,477	-	20,477	33,279	-	(2,894)	84.8%	567.18%	-	-	-	33,90
Finance charges	285	920	1,205	1,709	-	1,001	401.4%	479.35%	-	-	-	1,73
Materials and bulk purchases	56,063	2,810	58,872	53,651	-	1,911	104.0%	97.55%	-	-	-	49,11
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	38,104	11,324	49,428	50,634	-	(1,864)	96.5%	149.58%	-	-	-	48,71
Total Expenditure	180,227	15,298	195,524	200,053	-	(3,466)	102.3%	111.00%	-	-	-	192,29
Surplus/(Deficit)	(21,343)	(2,526)	(23,869)	(31,989)		10,632	134.0%	149.88%				(27,59
Transfers recognised - capital	26,265	8,896	35,161	40,539		(10,428)	69.1%	81.15%				26,80
Contributions recognised - capital & contributed assets	3,000	-	3,000	-		-	-	-				-
Surplus/(Deficit) after capital transfers & contributions	7,922	6,371	14,293	8,550		(5,743)	59.8%	107.92%				(78
Share of surplus/ (deficit) of associate				-		-	-	-				-
Surplus/(Deficit) for the year	7,922	6,371	14,293	8,550		(5,743)	59.8%	107.92%				(78
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	29,265	8,896	38,161	35,604		(13,100)	61.2%	71.87%				24,13
Public contributions & donations	-	-	-	-		-	-	-				
Borrowing	3,000	-	3,000	821		-	-	-				
Internally generated funds	5,000	712	5,712	4,242		(813)	77.1%	86.77%				2,73
Total sources of capital funds	37,265	9,608	46,873	40,667		(6,206)	86.8%	109.13%				26,87
Cash flows												
Net cash from (used) operating	36,011	(4,623)	31,388	28,514		(38,065)	43.5%	96.30%				34,94
Net cash from (used) investing	(34,276)	(9,597)	(43,873)	(36,342)		15,854	57.2%	-7854.88%				(26,83
Net cash from (used) financing	2,500	-	2,500	(151)		(719)	195.9%	195.89%				(1,46
Cash/cash equivalents at the year end	34,240	(17,740)	16,500	18,506		2,006	112.2%	54.05%				26,48

NOTE 52 (National Treasury Circular 67 requirement)

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2013/2014								2012/2013			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	21,235	2,587	23,822	23,946		124	100.5%	112.8%				29,203
Executive and council	6,531	498	7,029	6,774		(255)	96.4%	103.7%				11,253
Budget and treasury office	14,696	710	15,406	14,618		(788)	94.9%	99.5%				17,345
Corporate services	8	1,379	1,387	2,554		1,167	184.1%	31925.9%				606
Community and public safety	8,215	4,462	12,677	9,477		(3,200)	74.8%	115.4%				13,620
Community and social services	2,536	4,125	6,661	6,525		(136)	98.0%	257.3%				3,627
Sport and recreation	–	–	–			–	.	.				
Public safety	4,844	337	5,181	2,115		(3,066)	40.8%	43.7%				1,922
Housing	–	–	–			–	.	.				7,256
Health	835	1	836	837		1	100.1%	100.2%				815
Economic and environmental services	21,364	5,911	27,275	31,938		4,663	117.1%	149.5%				14,203
Planning and development	573	54	627	882		255	140.7%	154.1%				
Road transport	20,792	5,856	26,648	31,056		4,408	116.5%	149.4%				14,203
Environmental protection	–	–	–			–	.	.				
Trading services	137,334	8,708	146,043	142,053		(3,990)	97.3%	103.4%				134,483
Electricity	81,084	5,783	86,867	81,713		(5,154)	94.1%	100.8%				78,145
Water	21,618	651	22,269	22,302		33	100.1%	103.2%				21,325
Waste water management	19,305	2,200	21,505	22,572		1,067	105.0%	116.9%				20,337
Waste management	15,327	75	15,402	15,466		64	100.4%	100.9%				14,677
Other	–	–	–			–	.	.				
Total Revenue - Standard	188,148	21,669	209,817	207,414		(2,403)	98.9%	110.2%				191,509
Expenditure - Standard												
Governance and administration	44,598	3,607	48,205	39,821	(8,384)	(8,384)	82.6%	89.3%	–	–	–	41,372
Executive and council	9,712	256	9,967	9,066	(901)	(901)	91.0%	93.4%			–	14,569
Budget and treasury office	22,640	1,222	23,862	17,665	(6,197)	(6,197)	74.0%	78.0%			–	20,497
Corporate services	12,246	2,129	14,375	13,090	(1,285)	(1,285)	91.1%	106.9%			–	6,306
Community and public safety	11,676	(277)	11,399	10,491	(908)	(908)	92.0%	89.9%	–	–	–	17,971
Community and social services	6,977	(504)	6,473	6,080	(393)	(393)	93.9%	87.1%			–	5,832
Sport and recreation	–	–	–		–	–	.	.			–	
Public safety	3,772	239	4,011	3,608	(403)	(403)	90.0%	95.7%			–	3,149
Housing	–	–	–		–	–	.	.			–	8,248
Health	927	(12)	915	803	(112)	(112)	87.8%	86.6%			–	741
Economic and environmental services	21,563	2,726	24,289	28,120	3,832	3,832	115.8%	130.4%	–	–	–	24,303
Planning and development	3,981	2,893	6,874	6,757	(117)	(117)	98.3%	169.7%			–	
Road transport	17,582	(167)	17,415	21,364	3,949	3,949	122.7%	121.5%			–	24,303
Environmental protection	–	–	–		–	–	.	.			–	
Trading services	102,390	9,242	111,632	120,432	8,800	8,800	107.9%	117.6%	–	–	–	108,650
Electricity	65,897	6,447	72,344	76,503	4,159	4,159	105.7%	116.1%			–	69,419
Water	15,196	555	15,750	15,671	(80)	(80)	99.5%	103.1%			–	13,622
Waste water management	7,475	250	7,725	9,619	1,894	1,894	124.5%	128.7%			–	9,281
Waste management	13,823	1,990	15,813	18,639	2,826	2,826	117.9%	134.8%			–	16,327
Other	–	–	–		–	–	.	.			–	
Total Expenditure - Standard	180,227	15,298	195,525	198,864	3,339	3,339	101.7%	110.3%	–	–	–	192,295
Surplus/(Deficit) for the year	7,922	6,370	14,292	8,550	(5,742)	(5,742)	59.8%	107.9%	–	–	–	(786)

NOTE 52 (National Treasury Circular 67 requirement)

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2013/2014								2012/2013			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Mayoral Executive		2	2	2		-	100%					
Municipal Council	6,414	400	6,814	6,593		40	101%	354%				6,211
Accounting Officer	690	150	840	1,061		46	101%	712%				5,041
Budget & Treasury	14,696	710	15,406	14,618		2,919	120%	95%				17,345
Technical Services	142,799	15,667	158,466	159,993		(5,780)	96%	103%				141,265
Community, Safety & Social Services	23,542	4,537	28,079	24,943		(559)	97%	107%				21,041
Corporate Services	8	202	210	204		74	114%	2020%				606
Example 8 - Vote8						-	-	-				
Example 9 - Vote9						-	-	-				
Example 10 - Vote10						-	-	-				
Example 11 - Vote11						-	-	-				
Example 12 - Vote12						-	-	-				
Example 13 - Vote13						-	-	-				
Example 14 - Vote14						-	-	-				
Example 15 - Vote15						-	-	-				
Total Revenue by Vote	188,149	21,668	209,817	207,414		(3,262)	99%	110%				191,509
Expenditure by Vote to be appropriated												
Mayoral Executive	284	(3)	280	285		(28)	90%	98%			-	258
Municipal Council	4,678	449	5,126	4,759		(91)	98%	113%			-	4,489
Accounting Officer	8,731	2,702	11,433	10,778		(1,245)	92%	166%			-	9,822
Budget & Treasury	22,640	1,222	23,863	17,665		(849)	96%	108%			-	20,497
Technical Services	112,004	9,346	121,350	130,209		(2,157)	98%	123%			-	124,470
Community, Safety & Social Services	25,499	1,714	27,213	29,131		457	102%	105%			-	26,049
Corporate Services	6,391	(132)	6,259	6,037		448	107%	114%			-	6,711
Example 8 - Vote8						-	-	-			-	
Example 9 - Vote9						-	-	-			-	
Example 10 - Vote10						-	-	-			-	
Example 11 - Vote11						-	-	-			-	
Example 12 - Vote12						-	-	-			-	
Example 13 - Vote13						-	-	-			-	
Example 14 - Vote14						-	-	-			-	
Example 15 - Vote15						-	-	-			-	
Total Expenditure by Vote	180,226	15,298	195,524	198,864	-	(3,466)	102%	110%	-	-	-	192,295
Surplus/(Deficit) for the year	7,922	6,370	14,293	8,550		204	60%	108%				(786)

NOTE 52 (National Treasury Circular 67 requirement)

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		2013/2014								2012/2013			
R thousand	Note	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
		1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source													
Property rates		8,594	(30)	8,564	8,497		(67)	99%	99%				8,002
Property rates - penalties & collection charges			–	–	–		–	-	-				
Service charges - electricity revenue		69,169	5,947	75,116	70,672		(4,444)	94%	102%				67,220
Service charges - water revenue		11,183	217	11,400	11,715		315	103%	105%				10,947
Service charges - sanitation revenue		5,771	–	5,771	5,831		60	101%	101%				5,468
Service charges - refuse revenue		7,775	75	7,850	7,915		65	101%	102%				7,398
Service charges - other			–	–	–		–	-	-				
Rental of facilities and equipment		342	29	371	387		16	104%	113%				408
Interest earned - external investments	0	1,200	200	1,400	1,700		300	121%	142%				1,818
Interest earned - outstanding debtors		2,110	90	2,200	2,421		221	110%	115%				2,196
Dividends received			–	–	–		–	-	-				
Fines	0	106	(16)	90	44		(46)	48%	41%				76
Licences and permits		844	–	844	767		(77)	91%	91%				741
Agency services		633	–	633	655		22	103%	103%				614
Transfers recognised - operational		49,087	2,150	51,237	50,467		(770)	98%	103%				51,172
Other revenue	0	2,025	55	2,080	3,041		961	146%	150%				8,840
Gains on disposal of PPE		45	4,055	4,100	3,953		(147)	96%	8785%				
Total Revenue (excluding capital transfers and contributions)		158,683	12,772	171,655	168,064		(3,592)	98%	106%				164,701
Expenditure By Type				–				-	-				
Employee related costs		55,693	173	55,866	53,550		(2,316)	96%	96%			–	47,482
Remuneration of councillors		2,932	70	3,002	3,097		95	103%	106%			–	2,739
Debt impairment	0	6,674	–	6,674	4,133		(2,540)	62%	62%			–	8,598
Depreciation & asset impairment		20,477	–	20,477	33,279		12,802	163%	163%			–	33,909
Finance charges	0	285	920	1,205	1,709		504	142%	600%			–	1,737
Bulk purchases		51,806	6,044	57,850	53,651		(4,199)	93%	104%			–	49,117
Other materials		4,257	(3,234)	1,022			(1,022)	-	-			–	
Contracted services							–	-	-			–	
Transfers and grants							–	-	-			–	802
Other expenditure		38,104	11,324	49,428	50,634		1,205	102%	133%			–	47,474
Loss on disposal of PPE			–	–	–		–	-	-			–	437
Total Expenditure		180,227	15,298	195,524	200,053	–	4,529	102%	111%	–	–	–	192,295
Surplus/(Deficit)		(21,343)	(2,526)	(23,869)	(31,989)		(8,121)	134%	150%				(27,594)
Transfers recognised - capital	0	26,265	8,896	35,161	40,539		5,377	115%	154%				26,808
Contributions recognised - capital				–			–	-	-				
Contributed assets		3,000		3,000			(3,000)	-	-				
Surplus/(Deficit) after capital transfers & contributions		7,922	6,371	14,293	8,550		(5,743)	60%	108%				(786)
Taxation				–			–	-	-				
Surplus/(Deficit) after taxation		7,922	6,371	14,293	8,550		(5,743)	60%	108%				(786)
Attributable to minorities				–			–	-	-				
Surplus/(Deficit) attributable to municipality		7,922	6,371	14,293	8,550		(5,743)	60%	108%				(786)
Share of surplus/ (deficit) of associate				–			–	-	-				
Surplus/(Deficit) for the year		7,922	6,371	14,293	8,550		(5,743)	60%	108%				(786)

NOTE 52 (National Treasury Circular 67 requirement)

Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2013/2014								2012/2013			
R thousand	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditure - Standard												
Governance and administration	600	931	1,531	1,665	–	134	109%	278%	–	–	–	431
Executive and council	150		150	191		41	127%	127%			–	247
Budget and treasury office	350	(19)	331	565		234	171%	161%			–	118
Corporate services	100	950	1,050	909		(141)	87%	909%			–	66
Community and public safety	11,705	3,091	14,796	9,776	–	(5,020)	66%	84%	–	–	–	3,254
Community and social services	1,330	(750)	580	193		(387)	33%	15%			–	2,705
Sport and recreation	6,025	3,576	9,601	8,133		(1,468)	85%				–	439
Public safety	4,310	265	4,575	1,434		(3,141)	31%	33%			–	110
Housing			–			–	-	-			–	
Health	40	–	40	17		(23)	42%	42%			–	
Economic and environmental services	7,560	1,356	8,916	11,712	–	2,797	131%	155%	–	–	–	6,416
Planning and development	–	–	–			–	-	-			–	112
Road transport	7,560	1,356	8,916	11,712		2,797	131%	155%			–	6,282
Environmental protection		–	–			–	-	-			–	23
Trading services	16,850	4,780	21,630	17,513	–	(4,117)	81%	104%	–	–	–	16,774
Electricity	1,000	809	1,809	1,338		(471)	74%	134%			–	568
Water	2,296	1,521	3,817	3,862		45	101%	168%			–	7,148
Waste water management	11,754	2,450	14,204	12,264		(1,940)	86%	104%			–	8,694
Waste management	1,800	–	1,800	49		(1,751)	3%	3%			–	364
Other	550	(550)	–			–	-	-			–	
Total Capital Expenditure - Standard	37,265	9,608	46,873	40,667	–	(6,206)	87%	109%	–	–	–	26,875
Funded by:												
National Government	18,949	5,956	24,906	25,557		651	103%	135%				10,843
Provincial Government	7,316	2,584	9,900	10,047		147	101%					12,080
District Municipality	3,000	356	3,356			(3,356)	-	-				1,213
Other transfers and grants			–			–	-	-				
Transfers recognised - capital	29,265	8,896	38,161	35,604		(2,557)	93%	122%				24,136
Public contributions & donations			–			–	+	+				
Borrowing	3,000	–	3,000	821		(2,179)	27%	27%				
Internally generated funds	5,000	712	5,712	4,242		(1,470)	74%	85%				2,739
Total Capital Funding	37,265	9,608	46,873	40,667		(6,206)	87%	109%				26,875

NOTE 52 (National Treasury Circular 67 requirement)

Reconciliation of Table A7 Budgeted Cash Flows

Description	2013/2014							2012/2013
R thousand	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	94,765		94,765	83,908	(10,857)	88.5%	88.5%	80,478
Government - operating	48,429	2,808	51,237	50,220	(1,018)	98.0%	103.7%	55,009
Government - capital	26,265	8,896	35,161	28,917	(6,245)	82.2%	110.1%	29,803
Interest	1,200	200	1,400	1,701	301	121.5%	141.8%	1,619
Dividends					-	-	-	
Payments								
Suppliers and employees	(134,364)	(16,527)	(150,891)	(135,995)	14,896	90.1%	101.2%	(131,683)
Finance charges	(285)		(285)	(237)	48	83.2%	83.2%	(281)
Transfers and Grants					-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	**36,011**	**(4,623)**	**31,388**	**28,514**	**(2,874)**	**90.8%**	**79.2%**	**34,945**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE			-	4,323	4,323			30
Actuarial gain/(loss)								
Decrease (increase) in non-current debtors			-		-	-	-	4
Decrease (increase) other non-current receivables			-	3	3			
Decrease (increase) in non-current investments			-		-	-	-	
Payments								
Capital assets	(34,276)	(9,597)	(43,873)	(40,667)	3,206	92.7%		(26,874)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(34,276)**	**(9,597)**	**(43,873)**	**(36,342)**	**7,531**	**82.8%**	**106.0%**	**(26,839)**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans			-		-	-	-	
Borrowing long term/refinancing	3,000		3,000	821	(2,179)	27.4%	27.4%	
Increase (decrease) in consumer deposits	-		-		-	-	-	
Payments								
Repayment of borrowing	(500)		(500)	(973)	(473)	194.6%	194.6%	(1,469)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**2,500**	**-**	**2,500**	**(151)**	**(2,651)**	**-6.1%**	**-6.1%**	**(1,469)**
NET INCREASE/ (DECREASE) IN CASH HELD	4,235	(14,220)	(9,985)	(7,979)				6,637
Cash/cash equivalents at the year begin:	30,005		26,485	26,485				19,848
Cash/cash equivalents at the year end:	34,240		16,500	18,506	2,006	112.2%	54.0%	26,485